

# **Petroleum Excise (Prices) Amendment Regulations 2004 (No. 1) 2004 No. 69**

## **EXPLANATORY STATEMENT**

### **STATUTORY RULES 2004 No. 69**

#### **Issued by authority of the Minister for Revenue and Assistant Treasurer**

*Petroleum Excise (Prices) Act 1987*

*Petroleum Excise (Prices) Amendment Regulations 2004 (No. 1)*

Section 14 of the *Petroleum Excise (Prices) Act 1987* (the Act) provides that the Governor-General may make regulations, not inconsistent with the Act, prescribing matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The *Petroleum Excise (Prices) Amendment Regulations 2004* (the Regulations) prescribe the addition of the Legendre and Lambert/Hermes oil production areas to the *Petroleum Excise (Prices) Regulations 1988* (the Principal Regulations). This enables the determination of volume weighted average realised (VOLWARE) prices, as well as the VOLWARE commencement date after which prices are calculated, for the production areas.

The VOLWARE price is used as the basis for calculating each oil producing region's excise payable under the *Excise Tariff Act 1921*. The calculation of separate VOLWARE prices for different regions is necessary as the realised prices of crude oil from different regions vary.

An oil producing region is subject to excise once it exceeds the 4,767.3 megalitres excise exempt limit prescribed in the *Excise Tariff Act 1921*. The listing of an oil producing region in the Schedule to the regulations enables excise to be calculated for and collected from the region.

Oil production in the Legendre oil producing region (situated in the general North West Shelf locality) will likely exceed the 4,767.3 megalitres excise limit sometime during March or April 2004. The Regulations add the Legendre oil producing region to the Schedule to the Principal Regulations, enabling a separate VOLWARE price to be determined for the Legendre region.

The amendment to the Principal Regulations also adds the Lambert/Hermes production area, in the North West Shelf project area oil producing region, to the Schedule for completeness. As the Lambert/Hermes production area is under the North West Shelf region (which is already listed in the Schedule), this does not result in the calculation of a new VOLWARE price.

As the actual date on which cumulative production from each of the production areas will exceed the excise exempt limit will not be known until some time after it occurs, the date on which excise will apply to production in those areas are expressed simply as the date on

which the production areas exceed the excise exempt threshold of 4767.3 megalitres. This may mean that the proposed Regulations have effect from a date before they are made. However, subsection 4(1A) of the Act provides that regulations prescribing a production area as an oil producing region may be expressed to have had effect from a day occurring before the making of the regulations.

The Regulations commenced on gazettal.